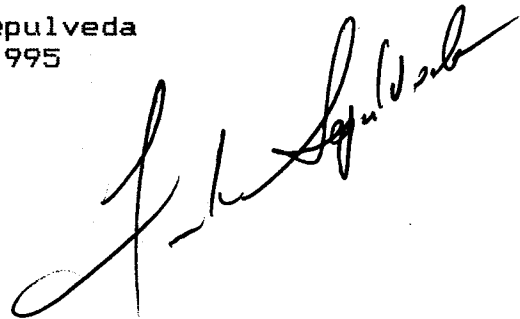


PROJECT CONTRACT FINAL REPORT

**"The Practice of Community Economic Development:
Key Component Parts in the Process"**

**By Frank Sepulveda
March 1995**

A handwritten signature in black ink, appearing to read "Frank Sepulveda", written in a cursive style.

PROJECT CONTRACT FINAL REPORT

"The Practice of Community Economic Development: Key Component Parts in the Process"

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PROJECT CONTRACT FINAL REPORT

I. INTRODUCTION

The premise that a true Community Economic Development (CED) effort starts from the community on up is grounded in strategies of intensive community organizing and educational activities to maximize the active involvement of community residents in a participatory democratic process. Should a true strategy be pursued, the rewards for a community would presumably be empowering and sustainable as well as socially, culturally and environmentally sensitive. The strength of such a strategy would be as much in the "means" as in the "ends." In the exercise of CED community muscle the process (an affordable housing project for instance) is as important as the end result (the housing).

Much mincing of verbage goes on in the different camps that work this field. Many community groups and individuals are versed in the CED vernacular. Few take it to heart much less to the streets.

The degrees to which a community in distress is able to put into practice effective strategies for it's economic development is a function of that community's state of organization. There are a myriad of implications that steep this "function." These implications or conditions that define CED work were highlighted by the project I came to work on. Some, such as the issues related to the development side of the work, development as practiced conventionally with the focus on the one bottomline, were external, and typically out of the realm of direct community control. These more technical aspects of the work had to be made understandable and managed. They included issues that affected the economic and practical feasibility of the project. Debt, equity, value, asset reclamation and mangement, taxes, abatement - all were issues that had to be presented and made palatable for residents. As such they were eventually made to feel the due influence of the community.

Internal factors included those concerned mainly with a community's organizational capacity as well as it's unique composition. It was in this realm that a community group could exert themselves if they could manage the diversity that tended to divide rather than enrich and strengthen.

By project's end, it was the hope to identify the characteristics, (dare I say, principles) by which true and effective CED struggles are waged and won in practice; in and by, (at least in this case) this one marginalized community.

II. PROBLEMATIC OVERVIEW

A. Specific Problem Addressed

As described for the Project Contract, the Problem Statement: "If no solution is found ...

An affordable housing development program will not be properly structured or customized to both meet community needs as well as succeed and sustain itself as a viable part of the stabilization and revitalization of the Acre community.

The derelict properties and abandoned sites will continue to negatively impact the "Acre" community of Lowell, Massachusetts, by attracting illicit, life threatening activities, continue to generally bring down, keep down property values and discourage future reinvestment as well as keep alive the possibility that it will again fall into the hands of a private speculator who will avail himself of private market prerogatives to again do in the Acre what we now see before us.

More general & far reaching planning and development in the Acre will go on as usual, i.e. with no community input or oversight; little community participation and education with respect to what's happening around them; forever negatively impacting people's lives."

[Ref. Appendix 1 for full Description of Local Conditions]

B. Underlying Causes

External factors affecting and marginalizing a poor inner city community have to do with the way community development is generally perceived vis a vis the general economic system. In sum a "trickle down" affair that can turn into a "benevolent neglect" (depending on what end of the neglect you find yourself on). In the Acre, it was especially acute. In our case, with the federal government pulling out of the business of affordable housing, the municipal community development office trying to follow suit - except pulling out of community development (CD) all together. They instead sought out the private sector, and if that didn't work, well, they would have to wait out the recession too. CD as usual meant doling out the smaller portions of a funding pie to the empowered constituencies in place. Empowerment, vesting through the political process was not a natural for Acre residents. While their need was the greatest, their political strength was the most feeble.

Carrying on CD activity without the cooperation of your local CD office is difficult enough, but when also complicated by issues integral to the development process it makes for an onerous and tedious educational organizing task of transformation. Site control (whether through reclamation - Tax foreclosure or negotiation), the question of value (as per appraisal conventions versus worth to community and how that determines feasibility where development occurs) financing, (especially with timid local financial institutions looking for the public sector to make the first move), tax arrears and abatements - are just a few of the development process details that need constant interpretation in an organizing effort.

Additionally, these details had to be interpreted in the context of an activist CED mindset that had to be routinely

accepted or internalized by the community residents carrying on the struggle before any adversary still wielding power was expected to acquiesce to community demands. In this case, residents had to become a community collective front to not only lay claim to a community's fixed assets for the community's perpetual development but to control community wide development generally.

[Ref. Attachments; Agendas, Minutes, Notes]

Internal Enablers

As suggested above, internally, organizationally, the CDC I worked for had to adapt to prevailing conditions. Strategic planning and agency wide soul searching were steps taken to identify how to re-adjust policy and come up with pointed measures. It seems that the CBA, despite its track record and history in the community, had become somewhat distanced or disengaged from the immediate area of concentration.

Though the "Acre" community (some 10,000 plus strong) is fairly small geographically, neighborhoods within are very distinctly self conscious. The residents of single family homes, concentrated in pocket neighborhoods, find themselves at odds with the residents of multi-family dwellings, concentrated in an "epi-center" of the community, presently the CBA's focus of activity.

CBA's prior involvement in the Acre was also problematic. The agency's "hopscotching" development efforts, were dictated by the immediacy of the situations - first with a homeowner project in a central "Triangle" area (65 units) some 13 years ago. It was this challenge that gave birth to the grass roots movement that is today institutionalized into the CBA. Then with an effort lasting some 8 years, on the other side of a neighborhood divide ("Merrimack Street") that culminated in the first "Expiring Use" project in this country in 1992. Some 265 units were preserved.

This project, "North Canal," served to stabilize that particular neighborhood as well as the agency (financially). In the process, the CBA was distracted from any real, comprehensive economic development activity and follow up in the "Triangle". A vacuum was created by the CBA absence. Speculators were able to take advantage of the jump started development of residential property during the mid to late '80s with some of the future tormentors digging in and buying in bulk the rental stock previously available to the very low to low income residents. Dis-investment and dis-engagement by both the private & public sectors followed and exacerbated an already critical situation.

When the general economic downturn of the late eighties unduly effected this sensitive, still developing neighborhood, its residents, many of whom recently became homeowners because of the CBA, were less than enthusiastic about any more involvement with a CBA initiative.

The other major internal dynamic complicating the CBA's work was the changing demographics of the Acre - from a mainly Latino base to a more Khmer or Cambodian population. Adjustment and real inclusion into the agency mindset took some time.

A look at the '90 census data and at "Kerner" type research

done by the Massachusetts Commission Against Discrimination (MCAD) could wean out more internal factors obstructing the development of this community. Four of the five "Qualified Census Tracts" of Lowell were located in the Acre, with the fifth abutting the community. These "hard to develop areas" are so called because of their high concentrations of poverty populations as well as being "difficult development areas". As Qualified Tracts, they became eligible for Low Income Housing Credits, a source of equity financing from the federal government for affordable rental housing that gave outside investors tax breaks for investing in the Acre.

Aside from the changed composition of what their former community was, the most serious hurdle encountered by the CBA (in my estimation) as it tried to get re-acquainted with residents who were purportedly their constituency was their lack of presence and credibility in the Acre, despite an annual, token effort, clean-up/outreach effort.

The "Acre Improvement Committee" (AIC) Role

Caught in the middle was the AIC, a loose and independent associated group of Acre residents, they represented the Acre, despite the lack of any Cambodian, "Triangle" homeowner or "North Canal" residents. To their credit, they, along with the CBA, took steps to remedy this glaring deficit. As they developed, (having come together as a result of an Acre Clean-up event) from 1992 til just this past October, they became a force to be reckoned with, using the technical and financial resources made available to them by the invigorated CBA. (Ref. Contract "Work Group" description)

The Foil

On the other, darker side, was the nemesis and his co-horts. In an irony lost or hardly perceived by most CD practitioners, as development begets development to saturation in the so called "open" and "free" market place, as has happened in other short-circuited CDC development efforts, especially in real estate, the CBA's first homeownership project was in fact partly responsible for attracting the main culprit to the Acre. Following the CBA's lead, this individual (one of a handful of notorious local speculators) availed himself of the seemingly endless opportunities abounding in those heady mid to late '80s. This one "wired" speculator was able to buy up over 200 dwelling units, some 24 multi-families, that included commercial spaces.

With the financing help of a renegade bank (since dissolved as part of the SLA fiasco), one nightmarish blanket mortgage instrument kept over a dozen of these very imposing vacant and derelict properties distressing the entire Acre community for over 6 years. Even with the acquiescence of the Resolution Trust Corporation (RTC), who agreed to hand over the properties to the City for CBA development under their "Affordable Housing Disposition Program," the process took more than 3 excruciating years before site control was in hand in January of '94. All neighborhoods were affected, though some more than others.

The imposition upon the Acre community of this RTC portfolio was exacerbated by the city CD department's inability and

ineffectual responses to demolish without further ado. It was not a project for the meek to take on but the options were very limited for the community.

In effect, the portfolio imposed itself into a development project upon the community.

III. PROJECT GOALS

General Objectives - To delve into CED practice related issues including, some already alluded to above.

Generally, through my project, I sought to investigate:

1.) The intimate relationship between development and community organizing as practiced by the CBA while getting the project completed. My interest was as much in the "means" as in the "ends." (A means process of intense organization was instituted and it was part & parcel "the" development process.)

Typically a Project Manager has to stay true to a timetable, a budget and a standard of quality. How's a community organizing setting, where CED is the intent, change the management of a development project, and visa versa? When looking to get a development team together, how does a community organization component fit in?

2.) A CDC's role in the community vis a vis community economic development.

In Massachusetts, we are fortunate enough to have a rich and varied CDC history. This project provided an opportunity and an insight into the detailed operations of one and the general workings of others, some of which I had a direct and intimate knowledge of.

Minimum Objective - the projected goal was:

1.) The structuring of an Affordable Housing Program (AHP), with an alternative, collective ownership model custom fit to the vision and needs of the Acre. The bulk of this work will be carried out by the AIC Design and Homeownership Committees.

But as the End of Project Status (EOPS) indicated ... an AHP or model that would be:

a. Replicable - that is, the development of housing should be able to be carried on in a more routine manner with relationships between the key players, i.e. the municipal authorities, the AIC and the CBA at the ready, so that future development efforts, in housing (or community development generally) can be carried out more proficiently via a truly community wide effort.

Out of this singular effort will come out an educated core of committed community activists who will use many of the same tools and expertises developed in this effort for other community wide campaigns. The hope is that with a more educated citizenry, issues of planning and development in their community will be taken on and directed by the residents. The scans carried on in the CHAS and CDBG "Open

Hearing" processes, mandated by federal legislation, might be made more difficult to carry out in the Acre.

b. Sustainable - once in place, the housing developed will remain affordable, for as long as possible considering or projecting future affordability criterias and community needs. This will include issues of financing, management, maintenace and general community economic development efforts being carried out at the same time.

c. As a true means, not just an end, in and of itself the program should be an instrument for the general economic development of the Acre, not an additional burden placed in the community to fail as other such efforts have that have not been integrated into the general development process. The process is to be almost as important as the product; the product as an important feature of the CDC as a business entity will be a priority as such, but the eyes of those involved will be as much on the movement as on the final result.

2.) The construction of 20 to 26 Dwelling Units as part of the Community Master plan decided upon by the AIC. The actual development will be taken on by the CBA as the business agent for the Acre community.

3.) In the process, the training and motivating of community "personnel" in more CED concepts and techniques to take on general community development problems.

A particularly high priority or concern is the institution of a Community Development Protocol that needs to be instituted so that any Planning and Development efforts taken on in the Acre, either through the auspices of the municipal government or in any way funded through Public monies (including Historical) be procedurally reviewed by a citizenry properly notified and educated on the project details and impact.

Maximum Objectives - As per Project Contract Goals and Mission Statement, to ideally see to:

1.) "The general stabilization and revitalization of the Acre community of Lowell through a holistic strategy of community economic development that includes economic development and housing development directed and focused by a general community organizing and educational thrust."

As per above, - ideal, as "If no solution is found ..." to get the ball rolling; a community with a raised consciousness regarding CED dev. strategy and build on a "Community Master Plan" already written up and submitted to to the City.

[Ref. Appendix 2 AIC/CBA CMP]

2.) Gravy.

Home Rule Adoption of a Property Receivership regulatory process stronger than currently enacted to procedurally and as per a timetable, make property owners, especially investor owners of residential properties in Lowell generally, but of prime concern for the AIC, the Acre, accountable.

A closer look at the way NYC deals with the same problems, via a so called "7A Receivership Program" that gives tenants enormous leverage with the possibility of taking over ownership of a property via a cooperative ownership model, while protecting the owner's constitutional property rights protected through terminating redemption options.

IV. RESULTS, OBSERVATIONS & ANALYSIS

Enumerating results alone would only understate the value of this effort. Outwardly, and by all other seemingly independent accounts, the project led to a totally successful conclusion.

Minimum ("Bricks & Mortar") Objective:

Eight (2,200 + gross square foot) new three bedroom dwelling units (DU) have been constructed. Amenities include parking, rear and front yardage, attic space in which to expand to, and a full basement with added useful space for family use.

Built to design and performance specifications adopted by an AIC Design committee one "Fourplex" and two Duplex townhouses are located on a couple of sites where formally there were some thirty eight vacant, substandard, rental DUs, just recently demolished by the city.

Results:

Ownership

In line with their desires to maintain an abiding interest in the development project, the AIC prevailed in getting a "Community Land Trust" adopted as the the ownership mode. A "Mutual Housing Association" was the front-running choice for the longest time as AIC members were interested in getting a model that would require a more activist residency. The Land Trust was finally decided upon as the most flexible mode that could be marketed using the fairly familiar conventions. This became important as holding costs for the properties were going to be burdensome.

Financing: RTC Phase I AHP

The "Pump has been primed", and finally, after four years, the detail has been waded through to access the cooperation of the City for the use of HOME monies, phased in over the next two years, for total equity financing of \$ 1.6 Million dollars: on a per unit basis, more than 50% of hard costs, with the final amount contingent on State HOME monies becoming available for equity. This hard fought victory came after a disheartening preliminary Bid Process for three of the properties slated for a Phase I rehab under the homeownership program in February of '94. Hard construction costs, as per Bid results would've knocked our targeted first time homebuyers out of range.

We embarked on research to gauge construction costs and find out what other communities were doing about them. Consultations with the Architects, builders, construction managers, finance packagers (quasi-state lenders) and other community development offices and CEDs provided some surprising trends. The most provocative of which was the high infusion of equity subsidies required to make the deals work. The Massachusetts Housing

Partnership gathered data from some of the most recent developments to be completed that showed equity at no less than 50% and up to almost 65% of total development costs, some of which were in the \$165,000 per unit range for a so called syndicated co-op developed by Dorchester Bay Development Corporation using LIHTCs.

So that aside from getting a comparable deal from the equity side, we had to find a contractor or builder (modular builder, as it turned out) to do the construction at an affordable rate. In this case, new construction, at less than \$100,000 per unit in hard costs. This we did.

Soft costs included taxes that the CBA inherited along with the properties. Abatement was out of the question as this required the state's Department of Revenue intervention and action on a City petition, that included an "overlay capacity" of enough revenues to warrant a \$+300,000 plus shortfall. In another ironic twist, the city finally granted enough of the contested HOME monies to cover these almost \$13,000 per unit. This they did in the month before monies would automatically revert back to the federal government with the contingency that any forthcoming State monies would be used to reduce the city's contribution.

All this came to pass after an interim episode, around September of '93, where it seemed the city was secretly dealing with a private developer to facilitate the transfer of the RTC-Chamberas portfolio ... without CBA involvement. Word was leaked by a friendly banker and the gauntlet was set. What started out originally as a bad faith gesture, with some of the pre-election players still making the moves, turned into the makings of "the" deal. It came after a march on city hall, a couple of meetings with the City's manager and development personnel and some intense propagandizing and lobbying.

But it nonetheless came to pass. It required some changes to the original Community Master Plan and some compromises from our more militant board members. In December of '93 the CBA closed on the bulk of the sites they had sought for so long.

[Ref. Development Rationale Attachments]

Marketing

An innovative try at using "Community Brokers" (Hispanic and Cambodian) trained by CBA staff and provided with resources such as marketing kits to do their outreach in their community was initiated in January of '95. The effort is ongoing at this time with 2 real prospects so far identified and 6 more being sought to occupy the eight completed units by this April with the Community Land Trust in place.

[Ref. Appendix 3; Affordability Assumptions, Marketing Kit and Pro-Formas]

Phase II

Site control in hand, the development team is still intact (Builder-contractor, architect, engineering, finance packager, ICE, etc.), the city and private local and regional lenders are at the ready as is the community that is looking forward to maintaining the momentum for both Homeownership and now rental developments.

Results:

1.) The structuring of an Affordable Housing Program (AHP), with an alternative, collective ownership model custom fit to the vision and needs of the Acre. The bulk of this work will be carried out by the AIC Design and Homeownership Committees.

As stated in the "Project Contract - End of Project Status (EOPS)" an AHP was in fact in place that was deemed to be;

a. Replicable - with the pump primed, the relationship with the community cemented and the partnership with city developing into something real for the first time ever, there is much promise that this is not simply a one shot deal. A Phase II has already been tentatively hatched out with the city already committing to allocating adequate HOME monies for more Equity subsidies.

b. Sustainable - because of the financing (see pro forma & ownership scenario) and the Land Trust ownership structuring it's generally felt that the housing provided will be maintained for the low and moderate income residents of Lowell for at least the coming generation.

c. "As a true means, not just an end, in and of itself the program should be an instrument for the general economic development of the Acre"

Through the development of the AIC core as well as the completion of this phase of the development project, this exercise in CED practice, procedurally lifted the community's self esteem and confidence. With each little fiasco and victory along the way, lessons were internalized.

Generally, the Community Land Trust, also has the potential for the future replication and sustainability of the completed project. It's structure and governance lends itself to process oriented perpetual community involvement and development if the will is there. The covenants by themselves won't promote the activism people are looking for, rather continuity of movement would be forthcoming at a board and organizational (via the CBA) level.

Personal "Ends"

On an personal ownership basis, the residents came to see the trade-off of limiting equity amid a host of other social contracts by way of deed restrictions (or exactions) as just and proper. Originally there was resistance to the idea as people felt it was an un-American practice to "artificially" limit an owner's right to gain on the investment. The argument for controlling the community's investment, the equity and value their collective development work produced, swayed them after they also came to see that owner's personal economic development agendas would be served once their housing needs were met. With secure, affordable housing assured, owners could divert their efforts and resources to other economic needs. Whereas before, a great many residents were spending 35% to 65% of their household income to provide for housing needs, now, where only 30% or less would presumably be going towards their housing, there would be a net gain of disposable income for other uses.

2.) The construction of 20 to 26 Dwelling Units as part of the Community Master plan decided upon by the AIC.

This has changed as the agreement for site control with the City necessitated new construction where rehab was formerly called with more extensive demolition. (Apdx)

The CBA, as the community's designated developer and business agent will carry on the phased re-development of the Acre, planning now for 8-10 new DUs as well as 16-20 rehabs. Using HOME, Federal Home Loan and possibly LIHTCs as equity, the CBA will look forward to accessible financing.

3.) In the process, the training and motivating of community "personnel" in more CED concepts and techniques to take on general community development problems.

A particularly high priority or concern is the institution of a Community Development Protocol that needs to be instituted so that any Planning and Development efforts taken on in the Acre, either through the auspices of the municipal government or in any way funded through Public monies (including Historical) be procedurally reviewed by a citizenry properly notified and educated on the project details and impact.

Ongoing work by the Organizing Department, institutionalizing many of the tactics used successfully in this struggle, will help insure the continuity and progress of CED work in this community.

An informal "protocol" has been in place, evolving even before the changes brought on by the November '93 elections and the re-organization of the community development department. The constant "in-your-face" AIC/CBA presence wherever development was to be "the" issue, obliged a grudging (though sometimes disrespectful) acknowledgement of the role played by the Acre community as well as the power they had reclaimed in the process. Invitations to participate were more forthcoming.

Maximum Objectives

Results as per Project Contract Goals and Mission Statement, to ideally see to:

1.) "The general stabilization and revitalization of the Acre community of Lowell through a holistic strategy of community economic development that includes housing development directed and focused by a general community organizing and educational thrust."

With a plan in hand as of 12/93, the AIC and the CBA were off and running towards getting an Affordable Housing Program in place. (Apndx)

Observation:

Development begets development. The control and focusing of this development has the power of transforming a formerly pliant community into a formidable activist community cognizant of what it's interests are and where they lie. It's a tangible force and manifests itself in the determination of a community's resident population that's garnered the support of it's business community in the process.

Once the Affordable Housing Program was in place, the momentum gathered more support to the community's fold.

With the business community lending financial (\$ 50,000 +) support and taking a lead from the CBA, supporting the CBA's redevelopment efforts of the Acre, a Police substation was established, and opened in March of '94. The open drug trafficking was eliminated seemingly overnight. This had a calming effect on the harassed community and helped ease the sale of three recently rehabbed townhouses by the CBA on the City's worst block, Marion Street.

2.) Gravy.

A Home Rule Adoption of a Property Receivership regulatory process, stronger than currently enacted, that would procedurally and in a timely manner (as per timetable) make property owners, especially investor owners of residential properties in the the Acre, more accountable and responsible to the community, is presently being advanced as part of an overall CED pre-emptive strategy.

The possibility of enacting more affirmative housing receivership legislation, similar to that enacted in New York City (7A Alternative Management & Ownership) was made at a "Lowell Housing Partnership Meeting" and more research recommended to study feasibility. This was made in a motion as an alternative to the City's recently adopted mandate to strictly enforce Building Codes and condemn structures considered sub-standard, immediately evict tenants without regard to servicing placement. A crisis was created unintentionally by the new council (11/94) and the Partnership was asked to intercede by the Buildings Commissioner.

Regretably, involvement of the AIC generally has been only minimal and thus at this point this is all that can be reported at this time.

[Ref. Appendix 4]

General Objectives

1.) Regarding the intimate relationship between development and community organizing as practiced by the CBA while getting the project completed, my interest again, was as much in the "means" as in the "ends." A means or process of intense organization was instituted and it was part & parcel "the" development process.

Typically a Project Manager has to attempt to stay true to a timetable, a budget and a standard of quality. How's a community organizing setting, where CED is the intent, affect the management of a development project, and visa versa ?

CDC Bottomline issues invariably came up against the Social contracting CED bottomlines. The result was a compromise at various points, with the CDC content to breakeven on the three year project that's cost the organization close to \$300,000 so far in staffing and resource expenditures.

When looking to get a development team together, how does a community organization component fit in ? Development is looked upon to pay for future activities, including community organizing through development fees. Consequences loom when an organizing effort also has to be paid for.

A management issue, decisioning by committee doesn't lend itself well sometimes to the time & budget constraints of development projects. Screening, site visiting, design review, master planning, monitoring - all activities successfully undertaken by committee members, all required some educational preparation as well as scheduling and logistics for the allocation of resources.

2.) A CDC's role in the community vis a vis community economic development.

The greatest invention since breast milk, a working, viable CDC is a community's greatest asset.

Both as the business arm of the community as well as an agent of progressive change or transformation, the dynamic tension typically inherent in run-of-the-mill CDCs doesn't necessarily have to thwart it's mission. As viewed by the typical sitting boards their stance on the issues may many times seem at odds with their fiduciary responsibilities, especially with seemingly short term measures.

Example: a three year project is not so unusual so far as development projects go. Agency collective memories have to be routinely jogged to bring up the eight years spent in "North Canal" at the CBA. Financially, however they pulled out fairly well off, though the organization suffered on other fronts; in the "Triangle" mainly, which was de-emphasized. Development fees however, fed to the CBA through it's wholly owned "Acre Triangle CDC" supported all of the pre-development activities right up to construction of the new RTC modulars on Fletcher Street, a run of more than three years, or more than \$300,000 worth of agency funding, put out and at risk before the hope of expecting a return at the completion of all phases of the projects.

Federal grant monies (HOPE II - Implementation monies) to mount the RTC effort eased the burden somewhat. But a delay in contracting for the federal monies because of HUD's reorganization, caused the CBA to depend solely on fees or balance funds that were being quickly depleted. This created a stir with the CBA's Finance Committee and was not laid to rest until just recently.

As boards come and go, there is an ebb and a flow to this tension. A board president, a former organizer/founder of the agency and now a Boston Foundation field officer will view shortfalls, short term or not, much more critically, with much more vociferous concern for the agency's survival than say a one term institutional representative member.

The dialectical exchanges were very informative.

In Massachusetts, we are fortunate enough to have a rich and varied CDC history. As a board member of a couple of CDCs (Urban Edge and the Emergency Tenants Council/IBA) and as a staff member through the years of various CDC's & so called community based organizations, I had seen this tension play out before. This project provided an opportunity for an insight into the detailed operations of one and the general workings of others as organizing activities, invariably activities financed through development and /or fundraising activities, sometimes worked contrary to the CDC's real business concerns. Community concerns

hang in the balance as a function of the organizing strength of that community, whether integral to the agency or not.

While the dynamic contradiction creates for some agencies an unbearable tension, the CBA, while acting in good faith, has an honorable record of achievement. As a result of its roots and the CDC culture developed over the years by staffing and board membership this is in sharp contrast to other CDCs.

"Urban Edge" of Boston's Jamaica Plain, whose origins are those of an opportunistic ilk, has belatedly come around to implementing a community outreach-organizing effort via a "Residential Services Department." ETC/IBA has recently re-organized to bring back the social services-community organization department together with management to run the 565 units of housing they own in the South End of Boston. The unseemly duality that manifested itself by IBA providing legal services and support for tenants against the ETC manager's eviction efforts drove the two separate boards to unite once again, to restructure back to their grassroots configuration, which was very similar in history to CBA's.

Resource rich DSNi has opted to do nothing but organizing and planning for its community. It leaves development to sub contractors they choose to control.

Other Observations:

"Organizational Management", in all its living color, race, ethnicity, gender and culture played itself out through a work ethic most worthy of an organization with a mission so serious. (Nuf said!)

This compared favorably to what was coming out of the Dudley Street Neighborhood Initiative (DSNI) the other outstanding model of a truly working community based agent. Regarding DSNi:

While a CDC like UE may take on a project for the opportunity to serve community interests as "mandated" by their "representative" board, another CBO, such as DSNi may first develop a critical core of community activists to mastermind development projects. These two ends on the spectrum find themselves there as a function of the resources they have at hand. While one CDC has to content itself with resources and funding readily available, (opportunism) including a community's fixed assets (sometimes almost thrust upon the agency) the other CBO has the "luxury" of a line of credit to experiment with an intensive community organizing model. In some cases, these two forms might cross to form a hybrid, or land at the spectrum's midpoint whereby a conscientious funding effort is carried on while projects are being hatched out along the lines of a community organizing effort, (all the while looking at bottomline figures) as in the CBA, which carries on its own community development efforts.

V. METHODS

Generally, there were no groundbreaking methods or innovative techniques, no demonstration experimental models used to get from point to point. Dogged, down & dirty, tried & tested methodologies were the rule with the emerging hard & soft technologies, computer-"ese" and CED analysis, adding innovative,

effective twists where quick action and improvisation were necessary to take advantage of opportunities when they reared their perplexing heads. Resources, planning, personnel and a determination to achieve a CED end were the basic ingredients. A committee structure was set up with the AIC Revitalization sub-committee manning two more working sub-committees, Design and Homeownership, that eventually merged reports for final recommendations to the CBA's Development committee that in turn pushed recommendations at the board level.

My involvement, as a Project Manager, in an ongoing effort to acquire and develop this portfolio of RTC properties in the Acre put me in a very enviable position. While reflecting on the tasks at hand, I was also able to put into perspective past efforts and performances by the agency as well as other entities "talking the talk" but ... with the vision and Mission of movement at the CBA.

In this position, while straddling the the worlds of development and organizing, and attending the CED program at NHC, I got a crash course in the art of CED strategizing and practice. As my responsibilities included liason work with the organizing department, I was obliged to take on organizing activities and itemize them on my facsimile of a PERT Chart as I would any other development activity.

[Ref. Project Management Attachments & HOPE II Reports]

General Objectives

As I professed to -

a.) Work with my organizing department with the management of the ongoing work to get the constituency (recruitment drive) necessary to take control of development in the Acre via the takeover and development of existing RTC portfolio.

Basic Methodolgy was staffing, lending technical support to organizing department and various involved committees (AIC Revitalization, Design and Homeownership sub-committees as well as CBA Development Committee & the RTC Work Group).

This included updates and training with the AIC members who spearheaded representation of AIC demands and mandates at meetings with Municipal, State, and Federal officials as well as private lenders. Monthly subcommittee meetings were augmented with site visits (DSNI, Villa Victoria, etc.) individual conferences, preparatory meetings, the preparation of materials for training, educating and dissemination, in the various languages as well as providing all necessary facilities, transportation and some hand holding before main events (such as a HUD Sec. Cisneros appearance or a U.S. Rep. Meehan meeting or City Council presentation).

Training was always ongoing with the Midwest Academy, Tufts Management & Communnity Development Institute, Neighborhood Reinvestment Corporation (NRC), conferences and consultants as needed filling gaps for both staff and residents.

This atop a successful recruitment of AIC members by members themselves (after the first core group was CBA recruited & trained and capacitated). Keeping members afterward was as challenging as getting them involved in the first place. "Burnout" was a fact of life everyone was familiar with.

After the preliminary recruitment and training what followed quite logically was a Strategic Planning by the AIC. At their behest they embarked on a comprehensive workplan that included AIC/CBA action on a multitude of fronts. The plan evolved as it progressed or floundered. A movement composed of self contained modules included efforts and most importantly, little victories along the way such as ;

- > Neighborhood Clean-up / Outreach Campaigns,
- > an Acre voter registration drive,
- > a demonstration, a march on City Hall,
- > open community wide street meetings,
- > Informational Skills Training Workshops
- > Door to door campaigning paired with staff
- > Voter Registration Drive
- > City Council Candidates Forum Night
- > a Community Master Plan for the development of the RTC Portfolio
- > Councilor by Councilor Meetings
- > Acre Slide Show Presentations

Throughout all of this, they oversaw all CBA development initiatives as they appeared and took on discrete issues through it's revitalization, design and homeownership committees when they came up.

As they appeared to "Close" on one front, they could look forward to another successful initiative.

b.) Develop organizational capacity to support such an effort that would involve the identification of means by which such an undertaking could be replicated, serve as a model for future efforts, once proven in the field.

Accomplished chiefly through a Strategic Planning of it's own, the CBA had to identify, acknowledge strengths & weaknesses and focus fundraising efforts to support the vision. With it's own origins based out of such a struggle, the CBA is tuned into what organizing is about and understands it's existence is based on this "modus operandi (MO)"

[Ref. Organizational Attachments - Charts; Strategic Planning Outlines available upon request]

A full fledged Organizing Department engages the community to seek out resident mandates. These are in turn evaluated and carried out by an activist, representative community board of directors.

The internal workings of the organization was (and still is) already set with an agency wide "culture" that adhered to this MO - in political as well as personal lifestyle, staff and board are fairly well synchronized so far as work ethic and commitment to the CED way of doing things.

This is key to how a development strategy, CED or otherwise is carried out. A CBO born out of a struggle has certain qualities and perspectives very different from those of an agency, originated to fill a perceived need as identified simply via a needs assessment process. Struggle has a way of shaping culture.

Stability in an organization also effects culture, and over time, ironically enough, can obliterate the culture of change & struggle that led to the birth of the organization. But it's not necessarily pre-determined. I think IBA exemplifies this in it's struggle to revert "back to the future" to it's roots of origins for the impetus to work for a future they're choosing to determine for themselves via organizing for it.

c.) Identify principles for the use of fixed assets in CED efforts, in this case, housing stock, in the future, any and all such assets as may be deemed appropriate. The concept of community assets, the maintenance, management and recapture of these "assets" has been defined to a point with the precedent setting purchase of an "Incubator" light manufacturing/Office building.

Promote the recognition of community definitions regarding typically conventional development concepts brought to bear generically (and totally inappropriately) from the world of business, finance, development and law.

In this project, principles were framed and re-framed in the course of discussions regarding ownership, accountability, and the use of community advocated development. Terms such as "Long term affordability, accessibility, sustainability and community control" started to become the naturalized vocabulary of the AIC. When homeownership came to be considered the linchpin for these development efforts, few had ever ventured further than the normal Fee Simple mode of total ownership by one household.

When accountability was figured in for the new incoming first-time homeowners, discussions invariably turned to "restrictions" and "covenants", which were the "conventional" formulas for obliging some kind acceptable behaviour (i.e. anti-speculative mainly vs. pro-anything or pro-CED).

Instead principles were laid out for the community to organize and develop around.

This turned into a more pro-active, collective outlook as members were looking for some ownership model which promoted, rather than prohibited; promoted the recruitment of residents who would value the investments made in the community and add value through their more active participation in the life of this community. The more collective, cooperative modes of ownership were than considered.

Studied and researched were the Community Land Trust (CLT), the Limited Equity Cooperative (LEC) and the Mutual Housing Association (MHA). With help and materials from the Institute for Community Economics (ICE), the Association for Residential Control of Housing (ARCH), and NRC, an AIC core Homeownership sub-Committee became well versed and educated in the main forms of collective ownership. A study manual was put together by Organizing staff, culling materials from all of these sources and was a great resource that facilitated this community education effort.

Looking to precedent settings elsewhere as well as in the Acre (North Canal Syndicated Limited Equity Coop and the Incubator "Rock Street" light manufacturing space bought out by the CBA), the AIC's interests turned to monitoring the

community's investment in the RTC assets via the CLT they decided was best for their monitoring activities.

Minimum Objectives

In order to carry out the legitimate development activities of the Acre, the Outputs or Critical elements that had to be put in place according to the original "Contract Proposal" were;

1. Working Committees in place. [Ref Attach. - Org. Chart]
AIC Design and Homeownership committees worked through the winter of '93; [Ref. Agenda-Minutes Attach.]
 2. Research and training materials list and gathering.
[Attachments; More available upon request]
 3. Schedule of topics and expert field speakers.
[Attach. List]
 4. Schedule of training meetings on various models and designs.
[Attachments - List]
 5. Financial analysis of proposed model and design vis a vis affordable housing constraints.
[Pro-Formas & Elig. Reqs]
 - * 6. Designing screening process before the actual recruitment of future residents.
 - * 7. Recruitment and qualification of future residents (Com. Brokers)
 8. Planning around oversight of community development activities. (Bd infusion of AIC; etc.)
- * B.: All of the above itemized tasks were completed except for numbers 6 and 7; Screening and recruitment are just now getting under way.

Maximum Objectives - As per Project Contract Goals and Mission Statement, to ideally see to:

- 1.) "The general stabilization and revitalization of the Acre community of Lowell through a holistic strategy of community economic development
- 2.) Gravy.

Home Rule Adoption of a Property Receivership regulatory Methods, tacts as per above for General & Minimum; via committee work and advocacy in larger forums such as City of Lowell sponsored Community Economic Development conference and at Lowell Housing Partnership meetings.

VI. RESULTS LESSONS LEARNED

Lessons were learned with the successes as well as the process. Having never managed a project before, everything specific, all things technical to a real estate development project could conceivably be listed. From conceptualizing a project, to getting the "team" set up and "running" them, to dealing with all of the egos (architects, developer-builders, modular builders, banker-finance agency types, the city etc.) to learning the intricacies of financing, development and alternative homeowner-ship models - project managing was the challenge of my life. Simultaneously trying to put this all in the CED context was all "boggling and toggling" until I found my way. Notwithstanding countless miscues and a few very embarrassing incidents, I came out a seasoned CED practitioner out of the experience. The context, CED and it's corollary community organizing component, helped clarify my role, the issues and the methodologies that promised resolution and progress.

a. Coding

The first and most apparent dilemma in development to strike at our embryonic effort was the coding of exclusionary language to forestall indigineous development projects. Zoning was the main stick. Issues of density, open space and parking were constantly thrown up to thwart any real dialogue. The specter of the burning, crime ridden sister city of Lawrence was constantly being raised. Constant talk of the similar "elements" in Lowell's Acre unfavorably compared the Lawrence chaos to what could be expected in Lowell. As these areas were known for the high concentrations of the latest immigrants (S.E. Asians & Latinos), there was no mistaking the "elements" they were referring to. It was clearly a campaign of racist dis-information that was very difficult to counter.

They successfully lulled the state and federal governments into providing demolition monies to take down the suddenly overstocked city of it's surplus (mostly housing) stock. As no planning &/or development was deemed to be necessary (a patronage no-brainer for the City's Development department) they commenced to tear down without forethought as to what they might someday do with the vacant lands produced.

Eventual redevelopment was even more problematic as these very same issues would be used to scare approvals off. Inflated vacancy rates were fabricated using these same substandard, uninhabitable dwelling units to swell numbers. Getting the recruited residents to doff this vocabulary, to question it's veracity was an awesome task. When zoning approvals were finally in hand every unit of housing was a "cause celebre."

It was all their way of laying claim to the assets, by default, for them to bank on later on when conditions were more favorable for their ends. There really was a method to the apparent madness as well as an end and we would not underestimate their determination in deterring us.

b. Organizing

I was most impressed by the power attained through the thorough use of the art and science of organizing. Never before did I appreciate organizing for the discipline it is. In the small scale setting of the Acre the enormity of what people like Chico Mendez did in Brazil or what the farm workers under the leadership of Cesar Chavez did became all the more the wonderful and stupendous feats they were.

There came with it a sort of "Machiavellian" perspective. The use and focus of power, the intoxication that comes with it's use, the intrigue inherent when power is being contested, the power of power to corrupt, all came under the lens for viewing by this incredulous participant. The perverse culture of arrogance displayed by the former Mayor on down was daunting. From the elected officials, to their beaureaucratic infrastructure to the beneficiaries of their patronage system, they showed absolutely no respect for those on the outside looking in.

Typically brusque, insulting and intimidating, they trampled civil, human rights without regard nor sophistication to cover tracks. In a sense, we on the outside were fortunate. Their transparency was so outrageous that it would add to the criminal mischief for the community not to act.

And so it was in the beginning of the campaign in the Acre.

The balance of power toward the end of '94 reverted back to the community, to the Acre, as exemplified by later incidents where merely the threat of action produced the desired result. There were times when the agency only had the power of a "bluff" to chill out a sometime unruly City hall. This bluffing came in handy when the agency could not round up a community posse to press an issue at notice. This could not be in hand without a true constituency or history written in community development. This could not have happened without stripping away at this culture of arrogance; without "getting in their face."

Even some of the external conditions alluded to as being underlying causes endemic to the distress in these communities could come under the influence, could be abated if not completely controlled. For instance, the science of property appraisals, a nuisance in the Acre, especially where financing (mortgaging) was difficult in the best of times, came to recognize the investment and equity inherent in properties developed or rehabbed under community auspices. With CRA kicking in, local lenders fell over one another trying to service our people.

On another front, the City's original political reluctance to "grant" such heavy dosages of equity to the RTC project had to be overcome or no one would step forward. Circular arguments were bandied about by both the private and the public sectors regarding the feasibility of such a homeownership project because of the value not there to support the underwriting. Housing costing some \$133,000 per unit (Total Development Costs (TDC) including Soft & Hard construction costs) to produce would not sell for the asking price of \$75,000, they were sure or rather they sure hoped. Eventually, this is exactly what developed. It grates the old guard to think that these homes could be sold to qualified moderate income minority resident households making around \$25,000.

c. "Little Victories"

Success came incrementally, cascading almost as the momentum increased. Envisioning the completed development of the Acre helped compartmentalize into self contained modular units that required closure, that were in themselves considerable achievements once they came to be completed. Alluded to above was the Acre Voter Registration drive that led into the Candidates forum that changed the political cityscape that led to a reorganization of the City's Community Development apparatus.

When viewed as the whole strategy and seen retrospectively the role they all had in not only getting the project going but in enhancing the Acre's stabilization and revitalization becomes obvious. It becomes a point of pride, owned by a collective who had never heretofore dreamed of working together. With the closure on each particular "module", residents built up a base of experiences and confidences. Site control, HOME equity financing as well as the City's complete cooperation (as in a partnership) followed and the rest is history still in the making.

d. Ethnocentricities

On a personal note, working so closely with residents served to reaffirm a basic faith in people and in their capacities to do well for themselves given the opportunity. As a jaded, "professional", as a people person with fairly good communications skills, defenses and prejudices had nevertheless streamed into a "consciousness" that had to be purged - sometimes painfully so.

Working very closely with Cambodian staff and residents I came to see the amazing tenacity of cultural, ethnic ties that helped them to not only survive but to thrive. Their temples, lending pools, business networks are part of the fabric of a community that is rearing a second generation of a very healthy and secure community. I was able to contrast this to the relative condition of the Puerto Rican community and the effects the dispersal of that community had on it's cultural cohesiveness. Where their culture has not been the tool for that community's economic development that it might be for the Khmer, grassroots churches have stepped into this vacuum. As a neophyte organizer, I determined that these ties had to be identified and strengthened by inclusion in any organizing strategy. These normal channels of communication are in fact channels of culturally sensitive modes for community organizing at a very basic, anthropological level. A CED analytical and strategical tact would in fact be appropriate and enhance efficiency.

e. Community Economic Development

Issues of social justice played themselves out almost proto-typically out of the pages of my CED readers. The most vivid examples of free market failure were of course the empty privately held RTC portfolio which prompted the community action in this case. Cynically true to the workings of this country's system of private individual property rights, one individual's costly entrepreneurial voyeurism outlandishly jeopardized a community of over 10,000 that consists mostly of a working class,

mostly non - "WASPish" population, mostly Southeast Asian and Latino. Not so surprisingly, the empowered first generation of immigrant arrivals (Americanized Greeks) would be the nemesis in the "doggy dog" drama typical in these core urban areas. All the main players in this "soapish" contra campaign were old line almost ethnically pure very private social clubbing party members. From the portfolio's de-frocked owner to the city's unelected mayor to the old guard whose hold on CDBG monies institutionalized an elderly bastion of voting blocks for the self serving, empowered elites.

Their only competition came from the French Canadians who merely wanted a piece of the action not transform any system to more egalitarian ends.

Their twist on family values was more mafiosi-territorial share-of-spoils versus an intra-national, "it takes a village to raise a child", touchy feely sentiment.

f. Receivership

As the Acre's organized activism picked up, this issue was re-framed in light of CED. The initial reluctance to go for this portfolio was replaced by a determination to take matters firmly into hand - to control, and manage these assets, to add value and parley the equity they knew would accrue, into further development activity.

Research into so called "redemption" rights only hinted at the lengths one had to go to in order to pry these properties loose and turn them into community assets. A city administration, no matter the progressive politics of the newly elected council, is still faced with an onerous task when reclamation is the issue. At this point, a dialogue between the City, the newly organized Lowell Housing Partnership and the Acre community is taking place around the possibility of a "Home Rule Petition" for a more affirmative receivership law similar to what Chicago and New York City already use. This more, long range effort was taken up in the heat of the current activity for bringing the RTC Project Development to closure. The reclamation of "fixed community assets forfeited by unaccountable owners" could very well be a more routine, citizen initiated effort. It was the most logical step after settling on a collective ownership model to manage and maintain the future reclaimed stock that might otherwise be lost to abandonment. Property owners would be put on notice - keep up the property or risk it becoming community property.

VII. CONCLUSION

Community economic development as an analytical tool and as a framework for activism is really the only way to go for a community development corporation intent on being faithful to it's community. In the Acre, the CBA has successfully parleyed CED practice, legitimizing it's efforts via it's organizing. As a membership organization, direction and mandates come from their constituency. Drawing on the direction and physical energy of this base they've managed to wean out success after success, enhancing the development of the CDC by turning their good works into fund balances.

Most significantly, the involvement and participation of a significant number of residents, who successfully directed and controlled the process, infused the organization with new and skilled members, who truly felt empowered. With this small effort, the future does feel like it has been molded to the vision, in the grand scheme of total Community Economic Development in the Acre.

A handwritten signature in black ink, appearing to read "L. J. Spivey". The signature is written in a cursive, flowing style with a large initial "L" and a long, sweeping underline.

APPENDICES

- 1.) NHC-CED Project Contract Page 27
- 2.) Acre Improvement Committee Proposal
to the City of Lowell Page 28
 - Community Master Planning Outlines
- 3.) Development Data: Page 29
 - Acquisition Financing Assumptions
 - Development Pro-Formas
 - Marketing Kit, including CLT Brief
- 4.) Affordable Housing Preservation
Receivership Initiative Page 30

ATTACHMENTS

{ Primary Source Supportive Materials }

- 1.) Various Committee Reports, Minutes & Agendas Page 31
 - Quarterly Report Excerpts
 - Homeownership Model Informational Materials
- 2.) Development Rationales Page 32
 - Pro-Formas
 - MHP Finance Grid for AHPs,
 - Correspondence with City Officials
- 3.) Project Management Protocols Page 33
 - Committee Structuring
 - Committee Organizational Chart
 - HOPE II Organizational Materials, Reports
 - "PERT" Chart Samples
- 4.) Campaign Preparation Materials Page 34
(vs. City Secret Dealing)
- 5.) Propaganda Page 35
 - CBA/AIC Generated
 - Newspaper Write-ups
- 6.) Organizational Information Page 36
 - Chart
 - Financials

BIBLIOGRAPHY

Aside from CED Readings at NHC, the following additional reading were helpful:

Abromovitz, Esq., David M. - "Legal Issues in Community Land Trust Development - A Brief Outline", Excerpt

Lemann, Nicholas - "The Myth of Community Development", Atlantic Monthly

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and
Citizens' Housing and Planning Association
"Looking To The Future", A Report on Mechanisims for Preserving
the Long Term Affordability of Privately Owned, Publicly Assisted
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Quatmann, Vicki - "Organizing and Fundraising"

Traynor, Bill - "Organizing Strategies for Community Based Organizations"